

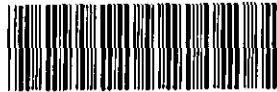
SECURITIES AND EXCHANGE COMMISSION

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

OMB APPROVAL

OMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden  
hours per response... 12.00

SEC FILE NUMBER

8-18486

DIVISION OF MARKET REGULATION

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 02/01/07 AND ENDING 01/31/08  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

McLiney and Company

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

2800 McGee Trafficway

OFFICIAL USE ONLY

FIRM I.D. NO.

(No. and Street)

Kansas City

MO

64108

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Weaver & Martin, LLC

(Name - if individual, state last, first, middle name)

411 Valentine Road, Suite 300, Kansas City, MO

(Address)

(City)

MO

(State)

64111

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

PROCESSED

NOV 14 2008

THOMSON REUTERS

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

8-11-13

OATH OR AFFIRMATION

I, George J. McLiney, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of McLiney And Company, as of January 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



[Signature]  
Signature

Title

Heidi Earl  
Notary Public Heidi Earl

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response	12.00

Form  
X-17A-5

**FOCUS REPORT**  
(Financial and Operational Combined Uniform Single Report)  
**PART II** ☐ 11

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

1) Rule 17a-5(a) ☐ 16

2) Rule 17a-5(b) ☐ 17

3) Rule 17a-11 ☐ 18

4) Special request by designated examining authority ☐ 19

5) Other ☐ 26

NAME OF BROKER-DEALER

SEC FILE NO.

8-18486

☐ 14

McLiney and Company

☐ 13

FIRM I.D. NO.

6936

☐ 15

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

2800 McGee Trafficway

☐ 20

FOR PERIOD BEGINNING (MM/DD/YY)

02/01/07

☐ 24

(No. and Street)

Kansas City

☐ 21

MO

☐ 22

64108

☐ 23

(City)

(State)

(Zip Code)

AND ENDING (MM/DD/YY)

01/31/08

☐ 25

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code) — Telephone No.

George J. McLiney, Jr.

☐ 30

(816) 221-4042

☐ 31

NAMES OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE

☐ 32

☐ 33

☐ 34

☐ 35

☐ 36

☐ 37

☐ 38

☐ 39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES ☐ 40 NO ☐ 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT ☒ X ☐ 42

**EXECUTION:**

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements, and schedules remain true, correct and complete as previously submitted.

Dated the 3/28 day of 08  
Manual signatures of:

1) George J. McLiney, Jr.  
Principal Executive Officer or Managing Partner

2) \_\_\_\_\_  
Principal Financial Officer or Partner

3) \_\_\_\_\_  
Principal Operations Officer or Partner

**ATTENTION** — Intentional misstatement or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78 f(a))

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SEC 1695 (07-02) 1 of 28

TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

NAME (If individual, state last, first, middle name)

Weaver & Martin, LLC

70

ADDRESS

411 Valentine Road, Suite 300

71

Kansas City

72

MO

73

64111

74

Number and Street

City

State

Zip Code

CHECK ONE

☒ Certified Public Accountant

75

FOR SEC USE

☐ Public Accountant

76

☐ Accountant not resident in United States  
or any of its possessions

77

DO NOT WRITE UNDER THIS LINE . . . FOR SEC USE ONLY

WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
50	51	52	53				

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER

McLiney and Company

**N 2**

100

### STATEMENT OF FINANCIAL CONDITION

as of (MM/DD/YY) 01/31/08

SEC FILE NO. 8-18486

Consolidated		99
Unconsolidated	X	98
		198
		199

#### ASSETS

##### Allowable

##### Non-Allowable

##### Total

1. Cash	\$ 237,477	200	\$ 237,477	750
2. Cash segregated in compliance with federal and other regulations	5,026	210	5,026	760
3. Receivable from brokers or dealers and clearing organizations:				
A. Failed to deliver:				
1. Includable in "Formula for Reserve Requirements"		220		
2. Other		230		770
B. Securities borrowed:				
1. Includable in "Formula for Reserve Requirements"		240		
2. Other		250		780
C. Omnibus accounts:				
1. Includable in "Formula for Reserve Requirements"		260		
2. Other		270		790
D. Clearing organizations:				
1. Includable in "Formula for Reserve Requirements"		280		
2. Other		290		800
E. Other		300	\$ 550	810
4. Receivables from customers:				
A. Securities accounts:				
1. Cash and fully secured accounts		310		
2. Partly secured accounts		320	560	
3. Unsecured accounts			570	
B. Commodity accounts		330	580	
C. Allowance for doubtful accounts	( )	335	( ) 590	820
5. Receivables from non-customers:				
A. Cash and fully secured accounts		340		
B. Partly secured and unsecured accounts		350	133,872 600	830
6. Securities purchased under agreements to resell		360	605	840
7. Securities and spot commodities owned, at market value:				
A. Bankers acceptances, certificates of deposit and commercial paper		370		
B. U.S. and Canadian government obligations	495,184	380		
C. State and municipal government obligations		390		
D. Corporate obligations		400		

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER McLiney and Company

as of 01/31/2008

### STATEMENT OF FINANCIAL CONDITION

		<u>ASSETS</u>			
		<u>Allowable</u>	<u>Non-Allowable</u>	<u>Total</u>	
E. Stocks and warrants .....	\$ 499,122	410			
F. Options .....		420			
G. Arbitrage .....		422			
H. Other securities .....		424			
I. Sport commodities .....		430			
				\$ 994,306	850
8. Securities owned not readily marketable:					
A. At Cost .....	\$ 130	440	\$ 610		860
9. Other investments not readily marketable:					
A. At Cost .....	\$ 140				
B. At estimated fair value .....		450	620		870
10. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:					
A. Exempted securities .....	\$ 150				
B. Other .....	\$ 160	460	630		880
11. Secured demand notes- market value of collateral:					
A. Exempted securities .....	\$ 170				
B. Other .....	\$ 180	470	640		890
12. Memberships in exchanges:					
A. Owned, at market value .....	\$ 190				
B. Owned at cost .....			650		
C. Contributed for use of company, at market value .....			660		900
13. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480	670		910
14. Property, furniture, equipment, leasehold improvements and rights under lease agreements:					
At cost (net of accumulated depreciation and amortization) .....		490	20,921	680	20,921
15. Other Assets:					
A. Dividends and interest receivable .....		500		690	
B. Free shipments .....		510		700	
C. Loans and advances .....		520		710	
D. Miscellaneous .....		530	3,811	720	3,811
16. TOTAL ASSETS .....	\$ 1,236,809	540	\$ 158,604	740	\$ 1,395,413
					940

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER

McLiney and Company

as of 01/31/08

### STATEMENT OF FINANCIAL CONDITION

#### LIABILITIES AND OWNERSHIP EQUITY (continued)

Liabilities	A.I. Liabilities*	Non-A.I. Liabilities*	Total
17. Bank loans payable:			
A. Includable in "Formula for Reserve Requirements" .....	\$ 1030	\$ 1240	\$ 1460
B. Other .....	1040	1250	1470
18. Securities sold under repurchase agreement...		1260	1480
19. Payable to brokers or dealers and clearing organizations:			
A. Failed to receive:			
1. Includable in "Formula for Reserve Requirements" .....	1050	1270	1490
2. Other .....	1060	1280	1500
B. Securities loaned:			
1. Includable in "Formula for Reserve Requirements" .....	1070		1510
2. Other .....	1080	1290	1520
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements" .....	1090		1530
2. Other .....	1095	1300	1540
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements" .....	1100		1550
2. Other .....	1105	1310	1560
E. Other: .....	1110	1320	1570
20. Payable to customers:			
A. Securities accounts-including free credits of .....\$ 950	1120		1580
B. Commodities accounts .....	1130	1330	1590
21. Payable to non customers:			
A. Securities accounts .....	1140	1340	1600
B. Commodities accounts .....	1150	1350	1610
22. Securities sold not yet purchased at market value-including arbitrage of .....\$ 960		1360	1620
23. Accounts payable and accrued liabilities and expenses:			
A. Drafts payable .....	1160		1630
B. Accounts payable .....	1170		1640
C. Income taxes payable .....	1180		1650
D. Deferred income taxes .....		16,020	1660
E. Accrued expenses and other liabilities .....	34,485	1370	34,485
F. Other .....	1190	1380	1670
	1200		1680

OMIT PENNIES

\*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER McLiney and Company

as of 01/31/08

### STATEMENT OF FINANCIAL CONDITION

#### LIABILITIES AND OWNERSHIP EQUITY (continued)

Liabilities	A.I. Liabilities*	Non-A.I. Liabilities*	Total
24. Notes and mortgages payable:			
A. Unsecured .....	\$ 52,000		\$ 52,000
B. Secured .....			
25. Liabilities subordinated to claims of general creditors:	1210	1390	1690
A. Cash borrowings:	1211		1700
1. from outsiders; \$		1400	1710
2. Includes equity subordination (15c3-1(d))	970		
of ..... \$	980		
B. Securities borrowings, at market value		1410	1720
from outsiders \$	990		
C. Pursuant to secured demand note collateral agreements		1420	1730
1. from outsiders \$	1000		
2. Includes equity subordination (15c3-1(d))			
of ..... \$	1010		
D. Exchange memberships contributed for use of company, at market value		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
26. TOTAL LIABILITIES	\$ 86,485	\$ 16,020	\$ 102,505
	1230	1450	1760
<u>Ownership Equity</u>			
27. Sole Proprietorship			1770
28. Partnership-limited partners	1020		1780
29. Corporation:			
A. Preferred stock			1791
B. Common stock		105,090	1792
C. Additional paid-in capital		10,180	1793
D. Retained earnings		1,360,516	1794
E. Total		1,475,786	1795
F. Less capital stock in treasury		(182,878)	1796
30. TOTAL OWNERSHIP EQUITY		\$ 1,292,908	1800
31. TOTAL LIABILITIES AND OWNERSHIP EQUITY		\$ 1,395,413	1810

OMIT PENNIES

\*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.



# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER **McLiney and Company**

as of 01/31/08

### COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition - Item 1890	\$	1,292,908	3480
2. Deduct Ownership equity not allowable for Net Capital	(		3490
3. Total ownership equity qualified for Net Capital		1,292,908	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			3520
B. Other (deductions) or allowable credits (List)	\$		3525
5. Total capital and allowable subordinated liabilities	\$	1,292,908	3530
6. Deductions and/or charges			
A. Total nonallowable assets from			
Statement of Financial Condition (Notes B and C)	\$	158,604	3540
1. Additional charges for customers' and non-customers' security accounts	\$		3550
2. Additional charges for customers' and non-customers' commodity accounts			3560
B. Aged fail-to-deliver			3570
1. Number of items	%	3450	
C. Aged short security differences-less reserve of	\$	3460	3580
number of items		3470	
D. Secured demand note deficiency			3590
E. Commodity futures contracts and spot commodities - proprietary capital charges			3600
F. Other deductions and/or charges			3610
G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x)		5,000	3615
H. Total deductions and/or charges		163,604	3620
7. Other additions and/or allowable credits (List)			3630
8. Net capital before haircuts on securities positions	\$	1,129,304	3640
9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1(f)):			
A. Contractual securities commitments	\$		3660
B. Subordinated securities borrowings			3670
C. Trading and investment securities:			
1. Bankers' acceptances, certificates of deposit and commercial paper	%		3680
2. U.S. and Canadian government obligations			3690
3. State and municipal government obligations			3700
4. Corporate obligations			3710
5. Stocks and warrants		74,868	3720
6. Options			3730
7. Arbitrage			3732
8. Other securities	%		3734
D. Undue Concentration		4,776	3650
E. Other (List)			3736
		79,644	3740
10. Net Capital	\$	1,049,660	3750

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER **McLiney and Company**

as of **01/31/08**

### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

#### Part A

11. Minimum net capital required (6 2/3% of line 19)	\$ 5,766	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 100,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$ 100,000	3760
14. Excess net capital (line 10 less 13)	\$ 949,660	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$ 1,041,011	3780

### COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.L. liabilities from Statement of Financial Condition	\$ 86,485	3790
17. Add:		
A. Drafts for immediate credit	\$ 3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$ 3810	
C. Other unrecorded amounts (List)	\$ 3820	3830
18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-1(c)(1)(vii))		3838
19. Total aggregate indebtedness	\$ 86,485	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	3850
21. Percentage of aggregate indebtedness to net capital <i>after</i> anticipated capital withdrawals (line 19 ÷ by line 10 less item 4880 page 25)	% 8.24	3853

### COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

#### Part B

22. 2% of combined aggregate debt items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$ N/A	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ N/A	3880
24. Net capital requirement (greater of line 22 or 23)	\$ N/A	3760
25. Excess net capital (line 10 less 24)	\$ N/A	3910
26. Percentage of Net Capital to Aggregate Debits (line 10 ÷ by line 17 page -)	% N/A	3851
27. Percentage of Net Capital, <i>after</i> anticipated capital withdrawals, to Aggregate Debits (line 10 less item 4880 page 11 ÷ by line 17 page -)	% N/A	3854
28. Net capital in excess of the greater of:		
A. 5% of combines aggregate debt items or \$120,000	\$ N/A	3920

### OTHER RATIOS

#### Part C

29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	% N/A	3860
30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(5), (a)(7) and (c)(2)(x) ÷ Net Capital	% N/A	3852

#### NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
  2. 6 2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

# PART II - FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

BROKER OR DEALER

McLiney and Company

For the period (MMDDYY) from 2/01/07 to 1/31/08  
Number of months included in this statement 12

## STATEMENT OF INCOME (LOSS)

### REVENUE

1. Commissions:		
a. Commissions on transactions in listed equity securities executed on an exchange	\$	3935
b. Commissions on transactions in exchange listed equity securities executed over-the-counter		3937
c. Commissions on listed option transactions		3938
d. All other securities commissions		3939
e. Total securities commissions	\$	3940
2. Gains or losses on firm securities trading accounts		
a. From market making in over-the-counter equity securities		3941
1. Includes gains or (losses) OTC market making in exchange listed equity securities		3943
b. From trading in debt securities		3944
c. From market making in options on a national securities exchange		3945
d. From all other trading		3949
e. Total gains or (losses)		3950
3. Gains or losses on firm securities investment accounts		
a. Includes realized gains (losses)	48,921	4235
b. Includes unrealized gains (losses)	(130,925)	4236
c. Total realized and unrealized gains (losses)		(82,004)
4. Profits or (losses) from underwriting and selling groups		3955
a. Includes underwriting income from corporate equity securities		4237
5. Margin interest		3960
6. Revenue from sale of investment company shares		3970
7. Fees for account supervision, investment advisory and administrative services		3975
8. Revenue from research services		3980
9. Commodities revenue		3990
10. Other revenue related to securities business		3985
11. Other revenue		2,375,773
12. Total revenue	\$	2,293,769

### EXPENSES

13. Registered representative's compensation	\$	460,000
14. Clerical and administrative employees' expenses		142,070
15. Salaries and other employment costs for general partners, and voting stockholder officers		1,080,875
a. Includes interest credited to General and Limited Partners capital accounts		4130
16. Floor brokerage paid to certain brokers (see definition)		4055
17. Commissions and clearance paid to all other brokers (see definition)		4145
18. Clearance paid to non-brokers (see definition)		4135
19. Communications		16,066
20. Occupancy and equipment costs		17,880
21. Promotional costs		4150
22. Interest expense		7,037
a. Includes interest on accounts subject to subordination agreements		4070
23. Losses in error account and bad debts		4170
24. Data processing costs (including service bureau service charges)		4186
25. Non-recurring charges		4190
26. Regulatory fees and expenses		4195
27. Other expenses		628,750
28. Total expenses	\$	2,352,678

### NET INCOME

29. Income (loss) before Federal income taxes and items below (Item 12 less Item 28)		(58,909)
30. Provision for Federal income taxes (for parent only)		23,424
31. Equity in earnings (losses) of unconsolidated subsidiaries not included above		4222
a. After Federal income taxes of		4238
32. Extraordinary gains (losses)		4224
a. After Federal income taxes of		4239
33. Cumulative effect of changes in accounting principles		4225
34. Net income (loss) after Federal income taxes and extraordinary items	\$	(35,485)

### MONTHLY INCOME

35. Income (current month only) before provision for Federal income taxes and extraordinary items	\$	(768,304)
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# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER

McLiney and Company

as of 1/31/08

### COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKER-DEALERS UNDER RULE 15c3-3 (See Rule 15c3-3, Exhibit A and Related Notes)

#### CREDIT BALANCES

1. Free credit balances and other credit balances in customers' security accounts (see Note A, Exhibit A, Rule 15c3-3)	\$ 4340	
2. Monies borrowed collateralized by securities carried for the accounts of customers (see Note B)	4350	
3. Monies payable against customers' securities loaned (see Note C)	4360	
4. Customers' securities failed to receive (see Note D)	4370	
5. Credit balances in firm accounts which are attributable to principal sales to customers	4380	
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days	4390	
7. **Market value of short security count differences over 30 calendar days old	4400	
8. **Market value of short securities and credits (not to be offset by logs or by debits) in all suspense accounts over 30 calendar days	4410	
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days	4420	
10. Other (List)	4425	
11. TOTAL CREDITS	\$ 4430	

Exempt under  
rule 15c-3-3  
section (k)(2)(a)

#### DEBIT BALANCES

12. **Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to Note E, Exhibit A, Rule 15c3-3	\$ 4440	
13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver	4450	
14. Failed to deliver of customers' securities not older than 30 calendar days	4460	
15. Margin required and on deposit with Options Clearing Corporation for all option contracts written or purchased in customer accounts (see Note F)	4465	
16. Other (List)	4469	
17. **Aggregate debit items	\$ 4470	
18. **Less 3% (for alternative method only--see Rule 15c3-1(f)(5)(i))	( ) 4471	
19. **TOTAL 14c3-3 DEBITS	\$ 4472	

#### RESERVE COMPUTATION

20. Excess of total debits over total credits (line 19 less line 11)	\$ 4480	
21. Excess of total credits over total debits (line 11 less line 19)	4490	
22. If computation permitted on a monthly basis, enter 105% of excess of total credits over total debits	4500	
23. Amount held on deposit in "Reserve Bank Account(s)," including value of qualified securities, at end of reporting period	4510	
24. Amount of deposit (or withdrawal) including \$ 4515 value of qualified securities	4520	
25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ 4525 value of qualified securities	\$ 4530	
26. Date of deposit (MMDDYY)	4540	

#### FREQUENCY OF COMPUTATION

27. Daily ☐ 4332 Weekly ☐ 4333 Monthly ☐ 4334

\*\* In the event the Net Capital Requirement is computed under the alternative method, this "Reserve Formula" shall be prepared in accordance with the requirements of paragraph (f) of Rule 15c3-1.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER **McLiney and Company**

as of **1/31/08**

### COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKER-DEALERS UNDER RULE 15c3-3 (continued)

#### EXEMPTIVE PROVISIONS

28. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check only one)

- |  |      |      |
|--|------|------|
| A. (k)(1) — \$2,500 capital category as per Rule 15c3-1 .....  | \$   | 4550 |
| B. (k)(2)(A) — "Special Account for the Exclusive Benefit of customers" maintained .....                   |      | 4560 |
| C. (k)(2)(B) — All customer transactions cleared through another broker-dealer on a fully disclosed basis. |      |      |
| Name of clearing firm <sup>5</sup> .....   | 4335 | 4570 |
| D. (k)(3) — Exempted by order of the Commission .....  |      | 4580 |

#### Information for Possession or Control Requirements Under Rule 15c3-3

State the market valuation and number of items of:

- |   |     |      |
|---|-----|------|
| 1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frame specified under Rule 15c3-3. Notes A and B ..... | \$  | 4586 |
| A. Number of items .....  |     | 4587 |
| 2. Customers' fully paid securities and excess margin securities for which instructions to reduce possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3. Notes B, C and D .....  | \$  | 4588 |
| A. Number of items .....  | \$  | 4589 |
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| 3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 15c3-3 .....   | Yes | 4584 |
|   | No  | 4585 |

#### NOTES

- A—Do not include in item one customers' fully paid and excess margin securities required by Rule 15c3-3 to be in possession or control but for which no action was required by the respondent as of the report date or required action was taken by respondent with the time frames specified under Rule 15c3-3.
- B—State separately in response to items one and two whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.
- C—Be sure to include in item two only items not arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.
- D—Item two must be responded to only with report which is filed as of the date selected for the broker's or dealer's annual audit of financial statements, whether or not such date is the end of a calendar quarter. The response to item two should be filed within 60 calendar days after such date, rather than with the remainder of this report. This information may be required on a more frequent basis by the Commission or the designated examining authority in accordance with Rule 17a-5(a)(2)(iv).

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER

McLiney and Company

as of 1/31/08

### SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION

#### CUSTOMER'S REGULATED COMMODITY FUTURES ACCOUNTS

#### SEGREGATION REQUIREMENTS

1. Net ledger balance:	
A. Cash .....	7010
B. Securities (at market) .....	7020
2. Net unrealized profit (loss) in open futures contracts traded on a contract market .....	7030
3. Exchange traded options:	
A. Add: Market Value of an open option contracts purchased on a contract market .....	7032
B. Deduct: Market Value of an open option contracts granted (sold) on a contract market .....	7033
4. Net equity (deficit) (total of 1, 2 and 3) .....	7040
5. Add accounts liquidating to a deficit and accounts with debit balances with no open trades .....	7050
6. Amount required to be segregated (total of 5 and 4) .....	7060

#### FUNDS ON DEPOSIT IN SEGREGATION

7. Deposited in segregated funds bank accounts:	
A. Cash .....	7070
B. Securities representing investments of customers' fund (at market) .....	7080
C. Securities held in particular customers or option customers in lieu of cash (at market) .....	7090
8. Margin on deposits with clearing organizations of contract markets:	
A. Cash .....	7100
B. Securities representing investments of customers' fund (at market) .....	7110
C. Securities held in particular customers or option customers in lieu of cash (at market) .....	7120
9. Settlement due from (to) clearing organizations of contract markets .....	7130
10. Exchange traded options:	
A. Add: Unrealized receivables for option contracts purchased on contract markets .....	7132
B. Deduct: Unrealized obligations for option contracts granted (sold) on contract markets .....	7133
11. Net equities with other FCMS .....	7140
12. Segregated funds on hand:	
A. Cash .....	7150
B. Securities representing investments of customers' funds (at market) .....	7160
C. Securities held for particular customers in lieu of cash (at market) .....	7170
13. Total amount in segregation *total of 7 through 12) .....	\$ 7180
14. Excess (insufficiency) funds in segregation (13 minus 6) .....	\$ 7190

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER

McLiney and Company

as of 1/31/08

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposal Withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)	
54	4600	4601	4602 \$	4603	4604	4605
55	4610	4611	4612	4613	4614	4615
56	4620	4621	4622	4623	4624	4625
57	4630	4631	4632	4633	4634	4635
58	4640	4641	4642	4643	4644	4645
59	4650	4651	4652	4653	4654	4655
60	4660	4661	4662	4663	4664	4665
61	4670	4671	4672	4673	4674	4675
62	4680	4681	4682	4683	4684	4685
63	4690	4691	4692	4693	4694	4695
			Total \$	4699*		

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\* To agree with the total on Recap (Item No. 4880)

Instructions: Detail Listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

### WITHDRAWAL CODE:

### DESCRIPTIONS

- |    |                              |
|----|------------------------------|
| 1. | Equity Capital               |
| 2. | Subordinated Liabilities     |
| 3. | Accruals                     |
| 4. | 15c3-1(c)(2)(iv) Liabilities |

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## Capital Withdrawals

### PART II

BROKER OR DEALER **McLiney and Company**

as of **1/31/08**

#### RECAP

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

**1. Equity Capital**

**A. Partnership Capital:**

1. General Partners .....	\$	4700
2. Limited .....		4710
3. Undistributed Profits .....		4720
4. Other (describe below) .....		4730
5. Sole Proprietorship .....		4735

**B. Corporation Capital:**

1. Common Stock .....		4740
2. Preferred Stock .....		4750
3. Retained Earnings (Dividends and Other) .....		4760
4. Other (describe below) .....		4770

**2. Subordinated Liabilities**

A. Secured Demand Notes .....		4780
B. Cash Subordinates .....		4790
C. Debentures .....		4800
D. Other (describe below) .....		4810

**3. Other Anticipated Withdrawals**

A. Bonuses .....		4820
B. Voluntary Contributions to Pension or Profit Sharing Plans .....		4860
C. Other (describe below) .....		4870
Total .....	\$	4880

**4. Description of Other**

#### STATEMENT OF CHANGES IN OWNERSHIP EQUITY (SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period .....	\$	1,328,393	4240
A. Net income (loss) .....		(35,485)	4250
B. Additions (includes non-conforming capital of .....	\$	4263	4260
C. Deductions (includes non-conforming capital of .....	\$	4272	4270
2. Balance, end of period (From Item 1800) .....	\$	1,292,908	4290

#### STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period .....	\$	4300
A. Increases .....		4310
B. Decreases .....		4320
4. Balance, end of period (From Item 3520) .....	\$	4330

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# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER McLiney and Company

as of 1/31/08

### FINANCIAL AND OPERATIONAL DATA

1. Month end total number of stock record breaks unresolved over three business days
 

	Valuation	Number
A. breaks long .....	\$ <span style="border: 1px solid black; padding: 0 10px;">4890</span>	<span style="border: 1px solid black; padding: 0 10px;">4900</span>
B. breaks short .....	\$ <span style="border: 1px solid black; padding: 0 10px;">4910</span>	<span style="border: 1px solid black; padding: 0 10px;">4920</span>
2. Is the firm in compliance with Rule 17a-13 regarding periodic count and verification of securities positions and locations at least once in each calendar quarter?  
(Check one) ..... Yes ☒ 4930 No ☐ 4940
3. Personnel employed at end of reporting period:
 

A. Income producing personnel .....	<span style="border: 1px solid black; padding: 0 10px;">4950</span>
B. Non-income producing personnel (all other) .....	<span style="border: 1px solid black; padding: 0 10px;">4960</span>
C. Total .....	<span style="border: 1px solid black; padding: 0 10px;">4970</span>
4. Actual number of tickets executed during current month of reporting period ..... 4980
5. Number of corrected customer confirmations mailed after settlement date ..... 4990

	No. of Items	Debit (Short Value)	No. of Items	Credit (Long Value)
6. Money differences .....	<span style="border: 1px solid black; padding: 0 10px;">5000</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5010</span>	<span style="border: 1px solid black; padding: 0 10px;">5020</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5030</span>
7. Security suspense accounts .....	<span style="border: 1px solid black; padding: 0 10px;">5040</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5050</span>	<span style="border: 1px solid black; padding: 0 10px;">5060</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5070</span>
8. Security difference accounts .....	<span style="border: 1px solid black; padding: 0 10px;">5080</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5090</span>	<span style="border: 1px solid black; padding: 0 10px;">5100</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5110</span>
9. Commodity suspense accounts .....	<span style="border: 1px solid black; padding: 0 10px;">5120</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5130</span>	<span style="border: 1px solid black; padding: 0 10px;">5140</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5150</span>
10. Open transactions with correspondents, other brokers, clearing organizations, depositories and interoffice and inter- company accounts which could result in a charge — unresolved amounts over 30 calendar days .....	<span style="border: 1px solid black; padding: 0 10px;">5160</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5170</span>	<span style="border: 1px solid black; padding: 0 10px;">5180</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5190</span>
11. Bank account reconciliations — unresolved amounts over 30 calendar days .....	<span style="border: 1px solid black; padding: 0 10px;">5200</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5210</span>	<span style="border: 1px solid black; padding: 0 10px;">5220</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5230</span>
12. Open transfers over 40 calendar days, not confirmed .....	<span style="border: 1px solid black; padding: 0 10px;">5240</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5250</span>	<span style="border: 1px solid black; padding: 0 10px;">5260</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5270</span>
13. Transactions in reorganization accounts — over 60 calendar days .....	<span style="border: 1px solid black; padding: 0 10px;">5280</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5290</span>	<span style="border: 1px solid black; padding: 0 10px;">5300</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5310</span>
14. Total .....	<span style="border: 1px solid black; padding: 0 10px;">5320</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5330</span>	<span style="border: 1px solid black; padding: 0 10px;">5340</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5350</span>

	No. of Items	Leger Amount	Market Value
15. Failed to deliver 11 business days or longer (21 Business Days or longer in the case of Municipal Securities) .....	<span style="border: 1px solid black; padding: 0 10px;">5360</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5361</span>	<span style="border: 1px solid black; padding: 0 10px;">5362</span>
16. Failed to receive 11 business days or longer (21 business Days or longer in the case of Municipal Securities) .....	<span style="border: 1px solid black; padding: 0 10px;">5363</span>	\$ <span style="border: 1px solid black; padding: 0 10px;">5364</span>	<span style="border: 1px solid black; padding: 0 10px;">5365</span>
17. Security concentrations (See instructions in Part I):			
A. Proprietary positions .....		\$ <span style="border: 1px solid black; padding: 0 10px;">5370</span>	<span style="border: 1px solid black; padding: 0 10px;">5374</span>
B. Customers' accounts under Rule 15c3-3 .....		\$ <span style="border: 1px solid black; padding: 0 10px;">5378</span>	<span style="border: 1px solid black; padding: 0 10px;">5380</span>
18. Total of personal capital borrowings due within six months .....		\$ <span style="border: 1px solid black; padding: 0 10px;">5382</span>	<span style="border: 1px solid black; padding: 0 10px;">5384</span>
19. Maximum haircuts on underwriting commitments during the period .....		\$ <span style="border: 1px solid black; padding: 0 10px;">18,000</span>	<span style="border: 1px solid black; padding: 0 10px;">5386</span>
20. Planned capital expenditures for business expansion during next six months .....		\$ <span style="border: 1px solid black; padding: 0 10px;">58,500</span>	<span style="border: 1px solid black; padding: 0 10px;">5388</span>
21. Liabilities of other individuals or organizations guaranteed by respondent .....		\$ <span style="border: 1px solid black; padding: 0 10px;">5390</span>	<span style="border: 1px solid black; padding: 0 10px;">5390</span>
22. Lease and rentals payable within one year .....			
23. Aggregate lease and rental commitments payable for entire term of the lease			
A. Gross .....		\$ <span style="border: 1px solid black; padding: 0 10px;">58,500</span>	<span style="border: 1px solid black; padding: 0 10px;">5388</span>
B. Net .....			<span style="border: 1px solid black; padding: 0 10px;">5390</span>

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**McLiney and Company**

**Financial Statements**

**January 31, 2008**



Board of Directors  
McLiney and Company

Independent Auditor's Report

We have audited the accompanying balance sheet of McLiney and Company as of January 31, 2008 and the related statements of income, shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of McLiney and Company as of January 31, 2008 and the results of its operations, shareholders' equity, and cash flows for the year then ended in conformity with generally accepted accounting principles in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Form X-17a-5 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Weaver & Martin, LLC*

Weaver & Martin, LLC  
Kansas City, Missouri  
March 12, 2008

Certified Public Accountants & Consultants  
411 Valentine, Suite 300  
Kansas City, Missouri 64111  
Phone: (816) 756-5525  
Fax: (816) 756-2252

**McLiney & Company****Balance Sheet****Janaury 31, 2008****Assets****Current assets:**

Cash	\$	237,477
Cash, segregated account		5,026
Note receivable shareholders		117,600
Other receivables		12,321
Recoverable income taxes		3,951
Securities owned at market value		994,306
Prepaid expense		3,811
Total current assets		<u>1,374,492</u>

Furniture and equipment		110,726
Accumulated depreciation		<u>(89,805)</u>
		20,921
	\$	<u><u>1,395,413</u></u>

**Liabilities & Shareholders' Equity****Current liabilities:**

Accounts payable	\$	11,800
Note payable		52,000
Accrued liabilities		<u>22,685</u>
Total current liabilities		<u>86,485</u>

Deferred income tax liability		<u>16,020</u>
-------------------------------	--	---------------

**Commitments:****Shareholders' equity:****Common stock-**

Class A, voting, \$1 par value, 200,000 shares authorized, 100,000 shares issued and outstanding		100,000
Class B, voting, \$1 par value, 15,000 shares authorized, 5,090 issued and outstanding		5,090
Additional paid-in capital		10,180
Accumulated other comprehensive income		100,373
Retained earnings		<u>1,260,143</u>

		1,475,786
Less treasury stock at cost (14,224 A shares and 3,916 B shares)		<u>(182,878)</u>
Total shareholders' equity		<u>1,292,908</u>

\$ 1,395,413

See notes to financial statements.

**McLiney & Company**  
**Statement Of Income and Comprehensive Income**  
**Year Ended January 31, 2008**

Underwriting, trading and fees	\$ 2,286,034
Other operating income (expense):	
Interest and other income	89,739
Realized gain on sale of securities	48,921
Interest expense	<u>(7,037)</u>
	<u>131,623</u>
Operating expenses	<u>2,345,641</u>
Income before income tax benefit	72,016
Income tax benefit	<u>23,424</u>
Net income	<u>95,440</u>
Other comprehensive income:	
Unrealized loss on securities	<u>(130,925)</u>
Comprehensive loss	\$ <u><u>(35,485)</u></u>

See notes to financial statements.

**McLiney & Company**  
**Statement Of Shareholders' Equity**  
**Year Ended January 31, 2008**

	Balance 1/31/07	Treasury Stock	Income	Balance 1/31/08
Common stock A & B	\$ 105,090	\$ -	\$ -	\$ 105,090
Paid-in capital	10,180	-	-	10,180
Retained earnings	1,164,703	-	95,440	1,260,143
Other comprehensive income	231,298	-	(130,925)	100,373
Treasury stock	(182,878)	-	-	(182,878)
Total equity	\$ <u>1,328,393</u>	\$ <u>-</u>	\$ <u>(35,485)</u>	\$ <u>1,292,908</u>

See notes to financial statements.

**McLiney & Company**  
**Statement Of Cash Flows**  
**Year Ended January 31, 2008**

Operating activities:

Net income before comprehensive loss	\$ 95,440
Adjustments to reconcile net income to cash flows used in operating activities:	
Depreciation	3,715
Gain on sale of securities	(48,921)
Change in assets and liabilities-	
Other receivables	(11,800)
Prepaid expense and other	(153)
Accounts payable	(28,150)
Accrued liabilities	4,561
Accrued income taxes	(19,712)
Deferred income tax liability	(11,104)
Cash provided by operating activities	<u>(16,124)</u>

Investing activities:

Purchase of securities	(503,159)
Purchase of fixed assets	(5,345)
Proceeds from sale of securities	232,600
Cash used in investing activities	<u>(275,904)</u>

Decrease in cash	(292,028)
Cash, beginning of year	<u>534,531</u>
Cash, end of year	<u>\$ 242,503</u>

Supplemental cash flow information:

Interest paid	\$ 7,037
Income taxes paid	\$ 11,343

See notes to financial statements.

**McLiney and Company**  
**Notes to Financial Statements**  
**January 31, 2008**

**1. Summary of Significant Accounting Policies**

**Nature of Operations:**

The Company is a broker-dealer, principally in securities of Municipalities, with customers throughout the United States. Management does not believe significant credit risk exists in its sales or receivables.

**Uses of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Actual results could differ from those estimates, but management does not believe such differences will materially affect the Company's financial position, results of operations, or cash flows.

**Furniture and Equipment:**

Depreciation is calculated on straight-line and accelerated methods using estimated useful lives of five to ten years.

**Securities:**

Securities are valued at market and consisted principally of municipal government obligations and marketable securities. The transactions are recorded at the settlement date. As of January 31, 2008, approximately \$100,373 of unrealized gains are included in the value of securities owned.

**Long-lived Assets:**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is measured by comparing the carrying value of the long-lived asset to the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. The Company determined that as of January 31, 2008, there had been no impairment in the carrying value of long-lived assets.

**Income Taxes**

Deferred income taxes are provided to reflect the timing differences in recording expense and income for financial statement and tax purposes.



**Cash Equivalents:**

The Company's cash equivalents consist principally of cash and money market accounts with financial institutions. The investment policy limits the amount of credit exposure of any one financial institution.

**Financial Instruments:**

The carrying value of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short-term maturity of these instruments. Fair values are based on quoted market prices and assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of perceived risk.

**2. Note payable**

The Company has a \$2,500,000 line of credit with a bank secured by securities inventory and a personal guarantee of the majority shareholder. Interest is payable monthly at the prime rate. On January 31, 2008 the prime rate was 7.25% and fluctuated between 7.25% and 8.25% during the year then ended. As of January 31, 2008 no funds had been borrowed against the line.

On January 1, 2007 the company executed a note payable in exchange for 3,320 shares of Class A company stock. The note bears interest at 10%, payable monthly with the principal payable on demand.

**3. Net Capital Requirements and SIPC Assessment**

The Securities and Exchange Commission Rule 15c 3-1 requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. At January 31, 2008, the Company had a net capital ratio of .0824 to 1.

The annual general assessment reconciliation form (SIPC-7) was waived by the Securities Investor Protection Corporation for the year ended January 31, 2008.

The Company is not required to maintain a special reserve bank account for the exclusive benefit of customers.

**4. Pension Plan**

The Company has a Savings Incentive Match Plan for Employees (SIMPLE) covering all employees. The Company will match employee contributions up to 3% of compensation. Amounts contributed in fiscal 2008 were approximately \$41,000.

**5. Commitments**

At January 31, 2005, the Company had entered into when-issued purchase commitments at market for municipal obligations of \$905,000 and corresponding when-issued sale commitments of \$890,000.

The Company rents office space under a three-year lease. Rent payments for the year ended January 31, 2008 totaled approximately \$17,880. Minimum lease payments are \$18,000 for fiscal years 2009, 2010, and 2011 and \$4,500 for fiscal year 2012.

**6. Income Taxes**

The Company's effective income tax rate is lower than would be expected if the federal statutory rate were applied to income before tax, primarily because of expenses deductible for financial reporting purposes that are not deductible for tax purposes as well as a decrease in the deferred tax liability of \$11,000 during the year ended January 31, 2008.

The income tax provision is composed of the following:

Federal – Current year	\$ 869
Prior years and deferred	(25,076)
State and local	783
Net income tax (benefit)	<u>\$ (23,424)</u>

The Company has capital loss carryforwards of \$6,038 as of January 31, 2008. The carryforwards will be used to offset future capital gains or expire in 2011.

Deferred tax liabilities consist of the following:

Fixed asset depreciation	\$ 987
Unrealized gains on securities	15,939
Capital loss carryforwards	(906)
	<u>\$ 16,020</u>

**7. Related Party Transactions**

Included in notes receivable at January 31, 2008 were two unsecured notes with shareholders. Interest is payable semi-annually at 5% with the principal payable upon demand.

**McLiney & Company**

**Statement Of Reconciliation Of Statement Of Financial Position**

**January 31, 2008**

	* As Originally Reported (Part II) (Unaudited)	Adjustments Add (Deduct)		Amount As Adjusted (Audited)
1. Cash	\$ 237,477	\$		\$ 237,477
2. Cash segregated with regulations	5,026			5,026
4. Receivable from customers	-			-
5. Receivables from non-customers				
B. Partly secured & unsecured	129,921	3,951	4	133,872
7. Securities owned, at market				
B. US and Canadian govt obligations	495,184			495,184
E. Stock and warrants	499,122	-		499,122
H. Other securities	-			-
8. Securities owned not readily marketable	-			-
14. Furniture and equipment, net	18,636	2,285	5	20,921
15. Other assets				
A. Dividends and interest receivable	-			-
D. Miscellaneous	9,526	(5,715)	1	3,811
16. Total assets	\$ 1,394,892	\$ 521		\$ 1,395,413
Total assets - allowable	\$ 1,236,809	\$ -		\$ 1,236,809
Total assets - nonallowable	158,083	521		158,604
Total assets	\$ 1,394,892	\$ 521		\$ 1,395,413
23. C. Current income taxes	\$ 8,369	\$ (8,369)	3	\$ -
D. Deferred income taxes	27,124	(11,104)	2	16,020
23. E. Accrued expenses	86,484	1	6	86,485
26. Total liabilities	121,977	(19,472)		102,505
29. B. Common stock	105,090			105,090
C. Additional paid-in capital	10,180			10,180
D. Retained earnings	1,340,523	19,993	1,2,3,4,5,6	1,360,516
E. Total	1,455,793	19,993		1,475,786
F. Treasury stock	(182,878)			(182,878)
30. Total ownership equity	1,272,915	19,993		1,292,908
31. Total liabilities and ownership equity	\$ 1,394,892	\$ 521		\$ 1,395,413

\* - Refers to the most recent unaudited page 1 to 4, part II of form X 17a-5  
filed by McLiney and Company as of January 31, 2008

**Explanation of adjustments**

1. Year end adjustment of miscellenous other assets	\$ (5,715)
2. Year end adjustment of other receivables	3,951
3. Year end adjustment of deferred income taxes	(11,104)
4. Year end adjustment of current income taxes	(8,369)
5. Year end adjustment of net property	2,285
6. Rounding	1

**McLiney & Company****Reconciliation Of Net Capital Under Rule 15c3-1 Pursuant To Rule 17a-5(d)(4)****January 31, 2008**

	* As Originally Reported (Part II) (Unaudited)	Adjustments Add (Deduct)		Amount As Adjusted (Audited)
1. Total ownership equity	\$ 1,272,915	\$ 19,993	1	\$ 1,292,908
3. Total ownership equity qualified for net capital	1,272,915	19,993	1	1,292,908
5. Total capital and allowable subordinated liabilities	1,272,915	19,993	1	1,292,908
6. Deductions and/or charges				
A. Total non allowable assets	158,083	521	2	158,604
F. Other deductions	5,000			5,000
H. Total deductions	163,083	521	2	163,604
8. Net capital before haircuts	1,109,832	19,472	4	1,129,304
9. Haircuts on securities				
C.3 State and municipal government obligations	-			-
C.5 Stocks and warrants	80,250	(5,382)	4	74,868
D.Undue Concentrations	-	4,776	4	4,776
10. Net Capital	1,029,582	20,078	1,2	1,049,660
11. Minimum net capital required	6,323	(557)	4	5,766
12. Minimum dollar net capital	100,000			100,000
13. Net capital requirement	100,000			100,000
14. Excess net capital	929,582	20,078	4	949,660
15. Excess net capital at 1,000%	1,020,096	20,915	4	1,041,011
16. Total A.I. liabilities	94,853	(8,368)	3	86,485
19. Total aggregate indebtedness	94,853	(8,368)	3	86,485
Percent of aggregate indebtedness	9.00%			8.24%

\* - Refers to the most recent unaudited page 1 to 4, part II of form X 17a-5  
filed by McLiney and Company as of January 31, 2008

**Explanation of adjustments**

1. Net effect of year end adjustments on retained earnings	\$ 19,993
2. Year-end adjustments and accruals - non-allowable assets	521
3. Year-end adjustments and accruals - non-allowable liabilities	(8,368)
4. Calculation difference	

**McLiney & Company**  
**Statement Of Reconciliation Of Computation For Determination Of The Reserve**  
**Requirements Under Rule 15c3-3 Pursuant To Rule 17a-5(d)(4)**  
**Janaury 31, 2008**

Exempt under rule 15c3-3, Section (K)(2)(A)

**McLiney & Company**  
**Statement Pursuant To Rule 17a-5(d)(4)**  
**Janaury 31, 2008**

There were no material differences between the most recent unaudited report Form X-17A-5, Part II filed by McLiney and Company and the enclosed audited Form X-17A-5, Part II.



**Independent Auditor's Report on Internal Control Structure**  
**Required by SEC Rule 17a-5**

In planning and performing our audit of the financial statements of McLiney and Company (the "Company") for the year ended January 31, 2008 (on which we issued our report dated March 12, 2008), in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures, including consideration of control activities for safeguarding securities. This study included test of compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

**Certified Public Accountants & Consultants**  
**411 Valentine, Suite 300**  
**Kansas City, Missouri 64111**  
**Phone: (816) 756-5525**  
**Fax: (816) 756-2252**

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purposed described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at January 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered broker-dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Weaver & Martin, LLC*

Weaver & Martin LLC  
Kansas City, Missouri  
March 12, 2008

MCLINEY AND COMPANY

*Investment Banking  
Municipal Bonds*

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KANSAS CITY, MISSOURI 64108

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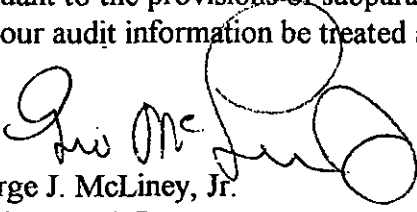
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MAR 31 2008

CHICAGO REGIONAL OFFICE

3-27-08

Pursuant to the provisions of subparagraph (e)(3) of SEC Rule 17a-5 we are requesting that our audit information be treated as confidential.

  
George J. McLiney, Jr.  
McLiney And Company

END